

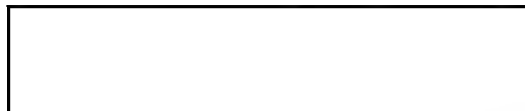
CENTRAL INTELLIGENCE AGENCY

19 February 1975

NOTE TO: AD HOC PANEL OF THE USIB

Attached herewith is a draft statement which Mr. Colby plans to give before the Defense Subcommittee of the House Appropriations Committee on the 20th of February. While this statement deals primarily with CIA, I wanted the members of the Ad Hoc Group to have it since we anticipate its presentation will be in open session. The Defense Subcommittee has received 100 copies for distribution.

Copies have been provided to Secretary Schlesinger and Tom Latimer directly and their changes have been incorporated.



Associate Deputy to the DCI
for the Intelligence Community

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Statement

W.E. Colby

Director of Central Intelligence

Before

Defense Subcommittee

of the

House Appropriations Committee

February 20, 1975

Mr. Chairman:

Our national intelligence agency, the CIA, is the object of great attention and concern. A series of serious allegations have been made by the press and other critics about our operations and activities.

At the same time, a number of responsible Americans are concerned that a degree of hysteria can develop that will result in serious damage to our country's essential intelligence work by throwing the baby out with the bath water.

There is equally serious concern within the CIA itself as to whether its personnel can continue to make their important contribution to our country or will be the target of ex post facto sensationalism and recrimination for actions taken at earlier times under a different atmosphere than today's.

I welcome this opportunity to describe the importance of our intelligence, how it works and what it does, and the small extent to which its activities may in past years have come close to or even overstepped proper bounds. We certainly make no claim that nothing improper occurred, but we do think it important that such incidents be given only their proper proportion.

It would perhaps be useful, Mr. Chairman, to start by reviewing some of the allegations made recently about the CIA.

The leading charge was that, in direct violation of its charter, CIA conducted a "massive illegal domestic intelligence operation" against the anti-Vietnam war and other dissident elements in recent years. In my testimony to the Senate Appropriations and Armed Services Committees, on 15 and 16 January, I flatly denied this allegation. I pointed out that CIA instead had conducted a counterintelligence operation directed at possible foreign links to American dissidents, under the authority of the National Security Act and the National Security Council Intelligence Directives which govern its activities and in response to Presidential concern over this possibility. Thus this operation was neither massive, illegal, nor domestic, as alleged.

The same allegations stated that "dozens of other illegal activities," including break-ins, wire tapping, and surreptitious inspection of mail, were undertaken by members of the CIA in the United States beginning in the 1950's. Again I

reported to the Senate Appropriations and Armed Services Committees a few such activities that in fact occurred. I pointed out that most such actions were taken under the general charge of the National Security Act on the Director of Central Intelligence to protect intelligence sources and methods against unauthorized disclosure. Whether or not they were appropriate, there are very few institutions in or out of Government which in a 27-year history do not on occasion make a misstep, but in CIA's case such instances were few and far between and quite exceptional to the main thrust of its efforts.

Another allegation given prominence was apparently based on the statements of an anonymous source who claimed that, while employed by the CIA in New York in the late 60s and early 70s, "he and other CIA agents had also participated in telephone wiretaps and break-ins" in the New York area. As I told the journalist involved before the story was printed, it does not bear any relation to CIA's actual activities in that area. Nor can we identify any former employee who answers to the journalist's description of

his source. I fear that the journalist has been the victim of what we in the intelligence trade call a fabricator.

Another published allegation was that CIA, through Agency-owned corporate structures organized to provide apparent sponsorship for its overseas operations, manages a "\$200-million-a-year top-secret corporate empire" which could circumvent the will of Congress. This allegation is also false. CIA does maintain certain corporate support structures that are essential to conducting its operations and concealing CIA's role overseas. These activities are managed, however, in the most meticulous manner by CIA to ensure the safekeeping of the Government's investment, and to audit these activities to ensure that they stay within proper bounds.

One individual continues to give national prominence to an allegation that CIA was somehow more involved in Watergate and its cover-up than has been demonstrated publicly. His lack of credibility

should cause the charge to fall of its own weight, but in addition I believe the extensive investigations made into this subject, and in particular the tapes most recently released, indicate that CIA's limited assistance in 1971 certainly had nothing to do with the Watergate in 1972, and that CIA was the institution that said "No" to the cover-up rather than be involved in it.

There are also a number of allegations of improper CIA relationships with domestic police forces. The facts are that CIA maintained friendly liaison relationships with a number of police forces for assistance in CIA's mission of investigating its applicants, contractors, and similar contacts. These relationships from time to time included various mutual courtesies which have been warped into allegations of improper CIA manipulation of these police forces for domestic purposes. These allegations are false. Since the 1973 legislation barring any CIA assistance to the Law Enforcement Assistance Administration, CIA has terminated any assistance to the LEAA and in compliance with the spirit as well as the letter of that particular law has terminated any assistance to local police forces as well.

One charge stems from a dangerous misunderstanding of the true nature of the modern intelligence process. CIA invited several U.S. industrial firms to bid on a contract to study new foreign developments in transportation technology. This has been alleged to constitute a program to spy on our closest allies. In truth, of course, it is nothing of the kind. The prospective contractor was only expected to conduct open research and analyze information made available to him. Intelligence work today includes analysis as one of its major elements. It is no longer synonymous with spying.

Mr. Chairman, these exaggerations and misrepresentations of CIA's activities can do irreparable harm to our national intelligence apparatus and if carried to the extreme could blindfold our country as it looks abroad. To this Committee I of course need not stress the importance of our intelligence work to our defense. May I only remind you that our intelligence must not only tell us what threats we face today but also what threats are on the drawing boards or in the research laboratories of potential enemies that might threaten us some years hence.

This Committee is well aware of the contribution intelligence makes to decisions about defense levels. I would also like to remind you of its contribution to the Strategic Arms Limitation and similar treaties. Such agreements help reduce the need for the heavy expense of arms.

I would like to stress another aspect of intelligence today -- its contribution to peace-keeping. Aside from its assistance to our ability to make treaties to reduce tensions between us and other nations, it has on occasion provided our Government information with which it has been able to convince other nations not to initiate hostilities against their neighbors. This peace-keeping role can grow in importance as our intelligence coverage improves. Correspondingly, it can decline if our intelligence machinery is made ineffectual through irresponsible exposure or ill-founded exaggeration.

Mr. Chairman, CIA does carry out some of its activities within the United States. About three-fourths of its employees live and work in this country. Most are in the Washington Metropolitan Area, performing analysis, staff direction,

administrative support and Headquarters activities. About ten percent of CIA's employees work in the United States outside the Headquarters area. They perform support functions that must be done in the United States, such as personnel recruitment

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Another responsibility of the Office of Security is the investigation of unauthorized disclosures of classified intelligence. This function stems from my responsibility under the National Security Act to protect intelligence sources and methods against unauthorized disclosure. Thus the Office of Security would prepare a damage assessment and endeavor to determine the source of a leak so that we could take corrective action.

Mr. Chairman, CIA conducts a broad program of research and development, largely through contracts with U.S. industrial firms and research institutes. In many such contracts, CIA sponsorship of the project must be hidden from many of the individuals working on the program itself. This was the case in the development of the U-2 aircraft, for example, so that the ultimate purpose of the aircraft, to fly over hostile territory for photographic purposes, would not be known beyond the necessary small circle rather than by the entire work force.

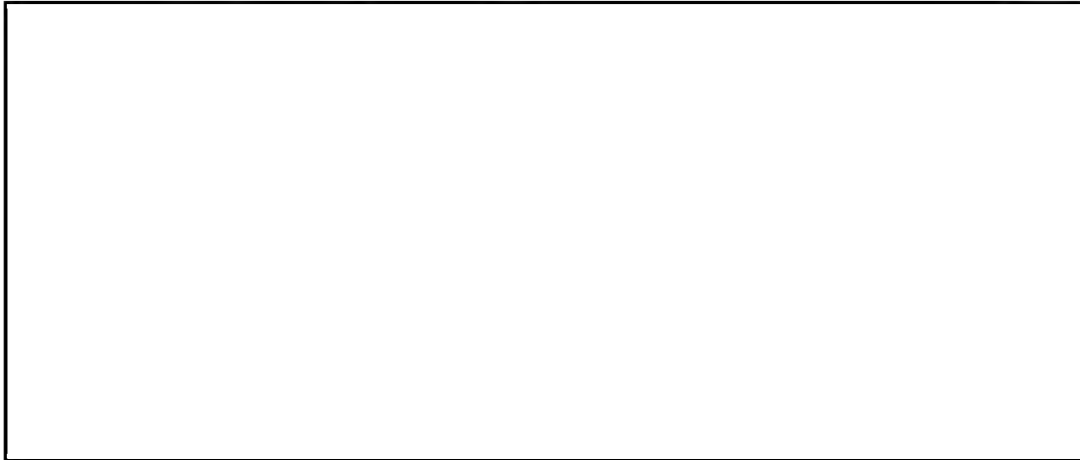
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In addition to these direct activities, the Agency has cooperated and collaborated with a number of governmental elements in the United States. This begins with the extensive collaboration and coordination with the other elements of the Intelligence Community, such as the Department of Defense and the Federal Bureau of Investigation. These joint activities are ones in which it is proper for one Government agency to assist another within the principles established by the Economy Act. As I noted at the outset, an example of this was the counterintelligence program conducted during recent years, in which CIA focused on the question of whether foreign manipulation or support was going to American dissident elements from abroad. The research and development of some of the complex technical equipment required for intelligence is in

many cases conducted jointly by the Department of Defense and CIA, as the resulting flow of information will be of value to both. Similarly, there is an exchange of trainees with various Government agencies, both to improve the breadth of knowledge of the CIA trainees and to orient trainees from other agencies on the role of intelligence in American foreign policy.

As I noted earlier, in the course of these various activities, there have been occasions when CIA may have exceeded its proper bounds. I have outlined a number of these in my report to the Senate Appropriations Committee, a copy of which I submit herewith for your record, along with some changes in detail which have come out of our continuing investigation. I think it important to make three points with respect to any such events:

1. They were undertaken in the belief that they fell within the Agency's charter to collect foreign intelligence or to protect intelligence sources and methods.

2. The Agency has held and adhered to the principle that its responsibilities lie in the field of foreign intelligence and not domestic intelligence, and any of the above activities were believed to have been related to foreign intelligence.

3. Any missteps by CIA were few and far between, have been corrected, and in no way justify the outcry which has been raised against CIA.

Mr. Chairman, in May 1973 Director Schlesinger issued a notice to all CIA employees instructing and inviting them to report to him or to the Inspector General any matter in CIA's history which they deemed questionable under CIA's charter. This instruction has been made a matter of regulation within CIA and is brought to the attention of each employee once a year. As a result of the May 1973 memorandum, various incidents were collected and brought to the attention of the Chairman of the House and the Acting Chairman of the Senate Armed Services Committees. They were then used as the basis of a very specific series of internal instructions issued in August 1973 directing the termination, modification, or other appropriate action with respect to such incidents in order to ensure that CIA remains within its proper charter. These instructions have been carried out and are periodically reviewed to ensure continued compliance.

It appears that some version of these matters came to the attention of the New York Times reporter

who wrote the article of December 22, 1974. A day or two before the article appeared, he contacted me stating he had obtained information of great importance indicating that CIA had engaged in a massive domestic intelligence activity, including wiretaps, break-ins, and a variety of other actions. In response to his request, I met with him and explained to him that he had mixed and magnified two separate subjects, i.e., the foreign counterintelligence effort properly conducted by CIA and those few activities that the Agency's own investigation had revealed and terminated in 1973. He obviously did not accept my explanation and, instead, alleged that CIA had conducted a "massive illegal domestic intelligence operation." I am confident that the investigations of the President's Commission and the Select Committees will verify the accuracy of my version of these events. I also believe that any serious review of my report to the Senate Appropriations Committee will show that I essentially denied his version rather than confirmed it as some have alleged. The sensational atmosphere surrounding intelligence, however, encourages oversimplification and disproportionate stress on a few missteps rather than on the high quality of CIA's basic work.

Mr. Chairman, these last two months have placed American intelligence in danger. The almost hysterical excitement that surrounds any news story mentioning CIA, or referring even to a perfectly legitimate activity of CIA, has raised the question whether secret intelligence operations can be conducted by the United States. A number of the intelligence services abroad with which CIA works have expressed concern over its situation and over the fate of the sensitive information they provide to us. A number of our individual agents abroad are deeply worried that their names might be revealed with resultant danger to their lives as well as their livelihoods. A number of Americans who have collaborated with CIA as a patriotic contribution to their country are deeply concerned that their reputations will be besmirched and their businesses ruined by sensational misrepresentation of this association. And our own employees are torn between the sensational allegations of CIA misdeeds and their own knowledge that they served their nation during critical times in the best way they knew how.

I believe it a time for a review of what this nation needs and wants in the field of intelligence and the determination therefrom of how, and consequently whether, American intelligence will

operate. In this process, I believe four things are necessary.

First, it is essential that a sober and responsible review of our intelligence apparatus take place. By reason of the sensitivity of some of these matters, it is essential that it be conducted without a sequence of sensational allegations and exposures. I am sure that the responsible members of the President's Commission and of the Select Committees will take this approach.

Second, the inquiries must be conducted in a manner that protects the secrecy of these sensitive matters after as well as during the investigations. For this reason, I am recommending to the investigating bodies, and the President's Commission has already accepted, arrangements for the physical security of the material to be developed, secrecy agreements for the staffs similar to those utilized by the Intelligence Community and recently ratified by the Fourth Circuit Court of Appeals, and arrangements for compartmentation of the different levels of sensitivity of the information to be provided. There must not only be no exposure of our most sensitive material, such as the names of our agents and collaborators and the specifics of our sensitive technical machinery, there must not even be a risk that this occur.

Third, I look forward to clarification from these inquiries of the proper authority and limitations of American intelligence. For example, in my confirmation hearing I suggested the addition of the word "foreign" before the word "intelligence" whenever it appears in the National Security Act referring to CIA, to make crystal clear its function. I also expect that the arrangements for authorization and oversight of the operations of CIA and the Intelligence Community will be reviewed and clarified wherever necessary. But in the establishment of these new rules, it will be essential to include arrangements for their modification, as the rules of 1975 may be no better fitted for the problems our nation will face in 1990 than those of 1947 may be considered by some for 1975.

Fourth, I believe it essential to improve our tools to protect those secrets necessary to the success of American intelligence and even the conduct of foreign policy. I am charged by the National Security Act with the protection of intelligence sources and methods from unauthorized disclosure. If there is to be no gray area in this charge, I believe it essential that the tools to carry it out be plainly identified and adequate. Today they include our screening and orientation

process, our physical arrangements to protect our material, and the secrecy agreement we require of our employees. But intelligence sources and methods do not have the kind of protection provided by the criminal penalties that apply to the unauthorized revelation of income tax returns, census returns, and cotton statistics. One of our ex-employees has recently published a book abroad, where he is out of range of our injunction process, in which he claims to reveal the name of every individual, American and foreign, that he could remember working with, acknowledging the "important encouragement" of the Communist Party of Cuba in writing the book. I believe it absurd for anyone to be immune from criminal prosecution for such an act.

Mr. Chairman, I thank you for this opportunity to speak publicly about the serious situation of American intelligence today. This is a matter that concerns not only us in the Intelligence Community, and our critics, but our entire nation. American intelligence today, thanks to the dedicated work of thousands of professionals, and in particular my predecessors in this post, has improved in quality to a degree undreamed of a few decades ago. Thanks to it, our Government's policymakers can draw on

factual information and reasoned analysis in cases where until recently they had to rely only on hunches, circumstantial evidence, and cautious hopes. It is not only helping our Government to be better informed about the complex world in which we live, it is also serving the Congress and the people to help them play their full role in American decisionmaking. During 1974, for example, CIA alone appeared before 17 Congressional committees or subcommittees on 48 occasions and had substantive discussions on foreign developments with journalists on some 600 occasions.

As public understanding of the real nature of modern intelligence grows, I am confident that there will be an equal growth in public support of its necessities, including the fact that its details cannot be exposed to the bright glare of publicity or irresponsible exaggeration. With this, I believe 1975 can mark the year in which America reaffirmed the need for intelligence to protect itself and to maintain world peace, and replaced the sensational, romantic, but outdated intelligence image of the mystery writers with a mature understanding of the modern intelligence process. Intelligence is still an exciting profession, but in the intellectual and technological sense, not just the physical.